

**CMP: INR 723**

**Rating: HOLD**

**Target Price: INR 784**

**Stock Info**

BSE	531642
NSE	MARICO
Bloomberg	MRCO:IN
Reuters	MRCO.BO
Sector	Personal Products
Face Value (INR)	1
Equity Capital (INR cr)	129
Mkt Cap (INR cr)	93,852
52w H/L (INR)	745/578
Avg Daily Volume (in 000')	2,264

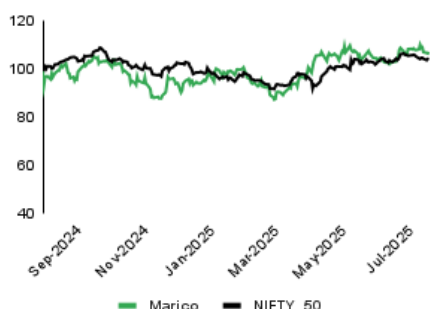
**Shareholding Pattern %**

(As on June 2025)

Promoters	59.03
FII	23.62
DII	12.61
Public & Others	4.78

Stock Performance (%)	1m	3m	12m
Marico	(0.6)	3.8	7.8
Nifty 50	(2.9)	1.7	2.8

**Marico Vs Nifty 50**



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Marico achieved strong revenue growth, but margins were strained due to rising input costs, with broad-based growth across India and International markets. Revenue reached INR 3,259 Cr, up 23% YoY, while EBITDA was INR 655 Cr, up 5% YoY. EBITDA margin stood at 20.1%, down 360 bps YoY and, and PAT was INR 504 Cr, up 9% YoY. Revenue growth was fueled by a 9% volume increase in the India business and 19% growth in the International business. Gross margin contracted due to continued pressure from sharp inflation in key commodities, a high base, and the impact of pricing-led denominator effect, the company increased (A&P) spending by 25% YoY.

**Strong Domestic Volume and Revenue Momentum:** Marico reported near double-digit volume growth in its India business, with revenue growth reaching multi-year highs. This was driven by improved traction in core portfolios, particularly general trade, and sustained performance in new businesses. Pricing actions to offset commodity inflation, coupled with a focus on volume-led growth, underpin Marico's robust top-line trajectory.

**Parachute's Resilience Amid Copra Inflation:** Despite a 60%+ effective price increase (post-MLH normalization) due to unprecedented copra inflation, Parachute sustained minimal volume erosion and gained market share in modern trade and e-commerce. Its price inelasticity, underpinned by strong brand equity and supply chain efficiencies, positions it to navigate hyperinflationary cycles effectively, with a 12% price correction from recent peaks signaling potential stabilization.

**Value-Added Hair Oils Drive Market Share Gains :** The value-added hair oil segment, particularly mid and premium offerings, delivered double-digit volume growth (ex-Shanti Amla) and a 140bps value market share gain. Strategic shifts toward brand-building, reduced below-the-line trade spends, and enhanced direct distribution via Project SETU ensure sustainable double-digit growth in FY26.

**Valuation & Outlook:** We expect strong volume-led growth in India and steady international performance. Near-term margin dilution is optical, driven by high revenue growth, not structural. The company remains focused on absolute profit growth. It targets a double-digit profit CAGR over the next two years, backed by premiumization, digital scale-up, and margin expansion in Foods and D2C, and assigns a TP of INR 784 valued at a P/E multiple of 40x the FY27E EPS of INR 19.6, yielding an upside of 8.5%, and a 'Hold' rating.

INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Revenues	9,653	10,831	12,660	14,992	17,837
yoy growth (%)	(1.1)	12.2	16.9	18.4	19.0
Operating profit	2,027	2,139	2,570	3,118	3,799
OPM (%)	21.0	19.7	20.3	20.8	21.3
Reported PAT	1,524	1,678	1,984	2,530	3,235
yoy growth (%)	13.7	10.1	18.2	27.5	27.9
EPS (Rs)	11.8	13.0	15.4	19.6	25.1
P/E (x)	61.2	55.6	47.0	36.9	28.8
Price/Book (x)	24.3	23.5	21.4	18.5	14.9
EV/EBITDA (x)	45.8	44.0	36.1	29.6	23.9
Debt/Equity (x)	0.3	0.5	0.4	0.4	0.3
RoE (%)	41.3	44.4	48.9	55.0	58.2

Source: Company & Arihant Research

**Food Portfolio Scaling with Margin Expansion:** Marico's foods portfolio, including Saffola, True Elements, and Plix, is on track for 25%+ growth in FY26, with the core Saffola franchise achieving double-digit growth. New launches, such as Saffola Cold Press Oil, and TAM expansion into adjacencies bolster growth prospects. Gross margin improvement of 1000 bps reflects increasing profitability, nearing company-level EBITDA.

**International Business Sustains Double-Digit Growth:** The international business recorded high constant currency growth, led by strong performance in Bangladesh, MENA, and Egypt, driven by market share gains and new product development. Strategic interventions in Vietnam and South Africa are expected to support mid-teens growth, reducing reliance on Bangladesh and enhancing portfolio diversification.

**Digital-First Portfolio Outpacing Targets:** Marico's digital-first portfolio (Beardo, Just Herbs, True Elements, Plix) achieved an ARR of INR 850 crores, surpassing expectations, with a target of 2.5x FY24 ARR by FY27 and double-digit EBITDA margins. Cost synergies, scale efficiencies, and integration with Marico's supply chain and media-buying capabilities provide a competitive edge over standalone D2C peers.

**Project SETU Enhances Distribution Moat:** Project SETU, Marico's direct distribution initiative, is driving GT revival and improving distributor ROI, particularly in rural markets. Technology-driven range selling and urban expansion into specialty channels are set to accelerate growth in foods and premium personal care, reinforcing Marico's long-term distribution advantage.

**Balanced Approach to Profitability:** Despite near-term margin pressure from commodity inflation, Marico expects to deliver double-digit profit CAGR over the next two years, leveraging historical deflationary cycle recoveries. Reduced dependence on Parachute and Saffola (down ~1000 bps in profit contribution) and growth in high-margin segments like VAHO and digital-first brands ensure resilient profitability.

**Ambitious Revenue Growth Trajectory:** Marico targets INR 20,000 crores in revenue by FY30, implying a 14-15% CAGR, driven by double-digit VAHO growth, 25%+ growth in foods and digital-first portfolios, and mid-teens international growth. A seasoned leadership team with 140+ years of collective experience and a robust Sustainability 2.0 framework positions Marico for sustainable, differentiated growth.

**Income statement summary**

<b>Income Statement (INR Cr)</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Revenue</b>	<b>9,653</b>	<b>10,831</b>	<b>12,660</b>	<b>14,992</b>	<b>17,837</b>
Net Raw Materials	4,748	5,388	6,355	7,601	9,132
Advt & Promotion	952	1,128	1,139	1,349	1,605
Employee Cost	742	831	975	1,154	1,373
Other Expenses	1,184	1,345	1,620	1,769	1,926
<b>Total Expenses</b>	<b>7,626</b>	<b>8,692</b>	<b>10,090</b>	<b>11,874</b>	<b>14,037</b>
<b>EBITDA</b>	<b>2,027</b>	<b>2,139</b>	<b>2,570</b>	<b>3,118</b>	<b>3,799</b>
<b>EBITDA %</b>	<b>21.0</b>	<b>19.7</b>	<b>20.3</b>	<b>20.8</b>	<b>21.3</b>
Depreciation	(158)	(178)	(203)	(241)	(273)
Interest expense	(73)	(53)	(70)	(68)	(66)
Other income	142	208	253	450	713
<b>Profit before tax</b>	<b>1,959</b>	<b>2,136</b>	<b>2,570</b>	<b>3,279</b>	<b>4,195</b>
Taxes	(435)	(458)	(586)	(749)	(960)
<b>Reported Net profit</b>	<b>1,524</b>	<b>1,678</b>	<b>1,984</b>	<b>2,530</b>	<b>3,235</b>
Other Comprehensive income	-73	-74	-74	-74	-74
<b>Net profit</b>	<b>1,451</b>	<b>1,604</b>	<b>1,910</b>	<b>2,456</b>	<b>3,161</b>
<b>EPS (INR)</b>	<b>12.2</b>	<b>13.4</b>	<b>15.8</b>	<b>20.0</b>	<b>25.5</b>

**Balance sheet summary**

<b>Consolidated Balance Sheet (INR Cr)</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Equity capital	129	129	129	129	129
Reserves	3,703	3,846	4,224	4,906	6,135
<b>Net worth</b>	<b>3,832</b>	<b>3,975</b>	<b>4,353</b>	<b>5,035</b>	<b>6,264</b>
Minority Interest	337	291	291	291	291
Debt	992	1,996	1,946	1,896	1,846
Other non-current liabilities	19	27	27	27	27
Deferred tax liab (net)	362	340	340	340	340
<b>Total liabilities</b>	<b>5,542</b>	<b>6,629</b>	<b>6,957</b>	<b>7,589</b>	<b>8,768</b>
Fixed assets	909	940	845	862	876
Capital Work In Progress	44	40	58	88	124
Other Intangible assets	937	946	946	946	946
Goodwill	863	857	857	857	857
Investments	558	359	359	359	359
Other non current assets	108	106	35	42	50
<b>Net working capital</b>	<b>910</b>	<b>1,219</b>	<b>1,125</b>	<b>991</b>	<b>773</b>
Inventories	1,336	1,235	1,404	1,616	1,865
Sundry debtors	1,069	1,271	1,310	1,343	1,350
Loans & Advances	4	7	4	4	5
Other current assets	380	415	457	541	644
Sundry creditors	(1,581)	(1,363)	(1,666)	(2,060)	(2,552)
Other current liabilities & Prov	(298)	(346)	(383)	(453)	(539)
Cash	943	777	2,028	2,613	3,793
Other Financial Assets	270	1,385	703	833	991
<b>Total assets</b>	<b>5,542</b>	<b>6,629</b>	<b>6,957</b>	<b>7,589</b>	<b>8,768</b>

Source: Company & Arianth Research

**Cashflow summary**

<b>Cash Flow Statement (INR Cr)</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Profit before tax</b>	<b>1,959</b>	<b>2,136</b>	<b>2,570</b>	<b>3,279</b>	<b>4,195</b>
Depreciation	158	178	203	241	273
Tax paid	(435)	(458)	(586)	(749)	(960)
Working capital Δ	(226)	(309)	94	134	218
Other operating items	(1)	6	-	-	-
<b>Operating cashflow</b>	<b>1,455</b>	<b>1,553</b>	<b>2,281</b>	<b>2,905</b>	<b>3,726</b>
Capital expenditure	(411)	(205)	(126)	(288)	(324)
<b>Free cash flow</b>	<b>1,044</b>	<b>1,348</b>	<b>2,155</b>	<b>2,618</b>	<b>3,402</b>
Equity raised	(192)	(106)	(178)	(419)	(578)
Investments	12	199	-	-	-
Others	268	(1,122)	753	(136)	(166)
Debt financing/disposal	78	1,004	(50)	(50)	(50)
Dividends paid	(1,226)	(1,355)	(1,355)	(1,355)	(1,355)
Other items	203	(134)	(74)	(74)	(74)
<b>Net Δ in cash</b>	<b>187</b>	<b>(166)</b>	<b>1,251</b>	<b>585</b>	<b>1,180</b>
<b>Opening Cash Flow</b>	<b>756</b>	<b>943</b>	<b>777</b>	<b>2,028</b>	<b>2,613</b>
<b>Closing Cash Flow</b>	<b>943</b>	<b>777</b>	<b>2,028</b>	<b>2,613</b>	<b>3,793</b>

**Ratio analysis**

<b>Ratio analysis</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Growth matrix (%)</b>					
Revenue growth	(1.1)	12.2	16.9	18.4	19.0
Op profit growth	12.0	5.5	20.1	21.3	21.8
EBIT growth	11.8	7.9	20.8	27.0	27.4
Net profit growth	13.7	10.1	18.2	27.5	27.9
<b>Profitability ratios (%)</b>					
OPM	21.0	19.7	20.3	20.8	21.3
EBIT margin	20.8	20.0	20.7	22.2	23.8
Net profit margin	15.8	15.5	15.7	16.9	18.1
RoCE	32.7	31.5	32.9	38.7	43.4
RoNW	41.3	44.4	48.9	55.0	58.2
RoA	28.4	26.1	29.3	34.0	37.5
<b>Per share ratios</b>					
EPS	11.8	13.0	15.4	19.6	25.1
Dividend per share	9.5	10.5	10.5	10.5	10.5
Cash EPS	13.0	14.4	17.0	21.5	27.2
Book value per share	29.7	30.8	33.7	39.0	48.6
<b>Valuation ratios</b>					
P/E	61.2	55.6	47.0	36.9	28.8
P/CEPS	55.5	50.3	42.6	33.7	26.6
P/B	24.3	23.5	21.4	18.5	14.9
EV/EBIDTA	45.8	44.0	36.1	29.6	23.9
<b>Payout (%)</b>					
Dividend payout	80.4	80.7	68.3	53.5	41.9
Tax payout	22.2	21.4	22.8	22.9	22.9
<b>Liquidity ratios</b>					
Debtor days	39.9	42.2	37.2	32.2	27.2
Inventory days	101.3	82.5	79.5	76.5	73.5
Creditor days	74.6	56.5	59.5	62.5	65.5
<b>Leverage ratios</b>					
Interest coverage	27.5	40.9	37.5	48.8	63.9
Net debt / equity	0.0	0.3	(0.0)	(0.1)	(0.3)
Net debt / op. profit	0.0	0.6	(0.0)	(0.2)	(0.5)

Source: Company & Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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